

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

THE HIGHLANDS NORTH CONDOMINIUM  
ASSOCIATION, a Washington non-profit  
corporation,

Plaintiff,

v.

ALLSTATE INSURANCE COMPANY, an  
Illinois company; AMERICAN CASUALTY  
COMPANY OF READING, PA, a Pennsylvania  
company; AMERICAN GUARANTEE AND  
LIABILITY INSURANCE COMPANY, an  
Illinois company; SAFECO INSURANCE  
COMPANY OF AMERICA, a New Hampshire  
company; STATE FARM FIRE AND  
CASUALTY COMPANY, an Illinois company;  
and DOE INSURANCE COMPANIES 1–10,

Defendants.

NO.

**COMPLAINT FOR DECLARATORY  
RELIEF AND MONETARY DAMAGES**

**JURY DEMAND**

Plaintiff The Highlands North Condominium Association (the “Association”) alleges as  
follows:

**I. INTRODUCTION**

1.1 This is an action for declaratory judgment and monetary damages, seeking:

- (A) A declaration of the rights, duties and liabilities of the parties with respect to certain  
controverted issues under insurance policies issued to the Association.
- (B) Monetary damages.
- (C) Attorneys’ fees and costs (including expert witness fees).

(D) Any other relief the Court deems just and equitable.

## II. PARTIES AND INSURANCE CONTRACTS

2.1 The Association. The Association is a nonprofit corporation organized under the laws of the state of Washington with its principal place of business located in Seattle, Washington. The Association has the duty to maintain the common elements and any limited common elements of The Highlands North Condominium for the common enjoyment of the unit owners. The Highlands North Condominium consists of one (1) residential building with a total of thirty-six (36) units, located at 150 NE 95<sup>th</sup> Street, Seattle, Washington 98115.

2.2 Allstate. Allstate Insurance Company (“Allstate”) is incorporated under Illinois law with its principal place of business in Northbrook, Illinois. Allstate is registered and authorized to sell insurance in the State of Washington. Allstate sold insurance policies to the Association, including Policy No. 050 135835 (in effect from at least September 30, 1985 to September 30, 1987), Policy No. 050 475549 (in effect from at least September 30, 1990 to September 30, 2007), and Policy No. 050 009653 (in effect from at least September 30, 2007 to September 30, 2010). The Allstate policies identify The Highlands North Condominium as covered property. The Association believes that Allstate insured The Highlands North Condominium after September 30, 2010 as well.

2.3 American Casualty. American Casualty Company of Reading, Pennsylvania (“American Casualty”) is incorporated under Pennsylvania law with its principal place of business in Chicago, Illinois. American Casualty is registered and authorized to sell insurance in the State of Washington. Upon information and belief, American Casualty sold insurance policies to the Association, including Policy No. CDO 101483381 (in effect from at least September 30, 1988 to September 30, 1989) and Policy No. CDO 50 653 9454 (in effect from at least September 30, 1989 to September 30, 1990). The American Casualty policies identify The Highlands North Condominium as covered property.

2.4 American Guarantee and Liability. American Guarantee and Liability Insurance Company (“American Guarantee and Liability”) is incorporated under Illinois law with its principal place of

1 business in New York, New York. American Guarantee and Liability is registered and authorized to  
2 sell insurance in the State of Washington. Upon information and belief, American Guarantee and  
3 Liability sold insurance policies to the Association, including Policy No. HAB 3125997-00 (in  
4 effect from at least June 15, 1984 to June 15, 1985). The American Guarantee and Liability policies  
5 identify The Highlands North Condominium as covered property.

6 2.5 Safeco. Safeco Insurance Company (“Safeco”) is incorporated under New Hampshire law  
7 with its principal place of business in Boston, Massachusetts. Safeco is registered and authorized to  
8 sell insurance in the State of Washington. Upon information and belief, Safeco sold insurance  
9 policies to the Association, including Policy No. CP8441089 (in effect from at least June 15, 1984  
10 to June 15, 1986). The Safeco policies identify The Highlands North Condominium as covered  
11 property.

12 2.6 State Farm. State Farm Fire and Casualty Company (“State Farm”) is incorporated under  
13 Illinois law with its principal place of business in Bloomington, Illinois. State Farm is registered  
14 and authorized to sell insurance in the State of Washington. Upon information and belief, State  
15 Farm sold insurance policies to the Association, including Policy No. 98-73-7598-7 (in effect from  
16 at least September 30, 1986 to September 30, 1988). The State Farm policies identify The  
17 Highlands North Condominium as covered property.

18 2.7 Doe Insurance Companies 1–10. Doe Insurance Companies 1–10 are currently unidentified  
19 entities who, on information and belief, sold insurance policies to the Association that identify The  
20 Highlands North Condominium as covered property.

21 2.8 Highlands North Insurers. Allstate, American Casualty, American Guarantee and Liability,  
22 Safeco, State Farm, and Doe Insurance Companies 1–10 shall be collectively referred to as the  
23 “Highlands North Insurers.”

24 2.9 Highlands North Policies. The policies issued to the Association by the Highlands North  
25 Insurers shall be collectively referred to as the “Highlands North Policies.”

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1 **III. JURISDICTION AND VENUE**

2 3.1 This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1332  
3 (diversity jurisdiction) as the parties are completely diverse in citizenship and the amount in  
4 controversy exceeds \$75,000.

5 3.2 Venue is proper in this district pursuant to 28 U.S.C. § 1391(b)(2) as the Highlands North  
6 Insurers marketed and sold insurance to the Association in King County; a substantial part of the  
7 events giving rise to the claim, including the breach of contract, occurred in King County; and the  
8 insured condominium building is located in King County.

9 **IV. FACTS**

10 4.1 Incorporation by Reference. The Association re-alleges the allegations of paragraphs 1.1  
11 through 3.2, above, as if fully set forth herein.

12 4.2 BEE Investigation. In May 2018, BEE Consulting, LLC (“BEE”) performed an intrusive  
13 investigation at The Highlands North Condominium. Evidence of hidden water damage was  
14 observed at all of the locations investigated. The Association believes the cost to repair the covered  
15 hidden damage is in excess of the jurisdictional claim limit of \$75,000.

16 4.3 Tender to Highlands North Insurers. In October 2018, the Association tendered claims to the  
17 Highlands North Insurers. In its tender letters, the Association requested that the Highlands North  
18 Insurers investigate for any other hidden damage that may exist at the Highlands North  
19 Condominium. The Association also asked each insurer to enter into a tolling agreement to toll the  
20 contractual suit limitations period to allow time for the insurers to investigate and make a coverage  
21 decision. To date, none of the Highland North Insurers have entered into a tolling agreement with  
22 the Association.

23 **V. FIRST CLAIM: DECLARATORY RELIEF THAT THE HIGHLANDS**  
24 **NORTH POLICIES PROVIDE COVERAGE**

25 5.1 Incorporation by Reference. The Association re-alleges and incorporates by reference the  
26 allegations of paragraphs 1.1 through 4.3 above, as if fully set forth herein.  
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5.2 Declaratory Relief. The Association seeks declaratory relief from the Court in the form of determinations regarding the following disputed issues:

- a. The Highlands North Policies are all-risk policies covering every risk, peril, cause, and loss not excluded. No exclusions, conditions, or limitations bar coverage under the Highlands North Policies for the hidden damage to The Highlands North Condominium.
- b. As a result, the Highlands North Policies cover the cost of repairing the hidden damage to The Highlands North Condominium.

## **VI. PRAYER FOR RELIEF**

WHEREFORE, the Association prays for judgment as follows:

6.1 Declaratory Judgment Regarding Coverage. A declaratory judgment that the Highlands North Policies provide coverage as described herein.

6.2 Money Damages. For money damages in an amount to be proven at trial.

6.3 Attorneys' Fees and Costs of Suit. For reasonable attorneys' fees and costs (including expert fees.)

6.4 Other Relief. For such other and further relief as the Court deems just and equitable.

## **VII. DEMAND FOR JURY TRIAL**

7.1 Pursuant to Rule 38 of the Federal Rules of Civil Procedure, the Association demands trial by jury in this action of all issues so triable.

DATED this 12<sup>th</sup> day of October, 2018.

STEIN, SUDWEEKS & HOUSER, PLLC

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/s/ Justin D. Sudweeks

/s/ Daniel S. Houser

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